

Message Text

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CINCUSAFE RAMSTEIN AB

USCINCEUR VAIHINGEN GER

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

USMISSION NATO

AFSC ANDREWS AFB

ASD WRIGHT PATTERSON AFB OH/YP

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C O N F I D E N T I A L COPENHAGEN 0577

E.O. 11652C GDS

TAGS: MASS, DA

SUBJECT: F-104 REPLACEMENT: DANISH LABOR'S
PREFERENCE FOR THE VIGGEN

REF: (A) COPENHAGEN 468

(B) COPENHAGEN 3028

(C) COPENHAGEN 534

SUMMARY: THE PREFERENCE OF THE DANISH TRADE UNION

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MOVEMENT FOR THE SWEDISH VIGGEN IS PROVING STRONGER THAN

ORIGINALLY BELIEVED. THE CONCERTED DRIVE OF SWEDISH INDUSTRIAL AND TRADE UNION GROUPS TO SELL DANISH LABOR LEADERS ON THE EMPLOYMENT ADVANTAGES OF A VIGGEN PURCHASE APPEARS TO HAVE ACHIEVED SOME SUCCESS. ALTHOUGH POLITICAL, MILITARY AND COMMERCIAL CONSIDERATIONS WILL PROBABLY BE MORE WEIGHTY IN THE FINAL DANISH DECISION THAN THE LABOR MOVEMENT'S PREFERENCES, LABOR'S CLOSE ASSOCIATION WITH THE NEW SOCIAL DEMOCRATIC GOVERNMENT COULD HINDER AN EARLY DECISION IN FAVOR OF THE F-16. A POSSIBLE EMOTIONAL ELEMENT WORKING AGAINST PURCHASE OF THE F-16 IS DANISH LABOR'S IRRITATION OVER THE AFL-CIO'S ROLE IN CANCELLING A NORDIC METALWORKER'S PLANNED VISIT TO THE US LAST NOVEMBER.

END SUMMARY.

1. THE RECENT VISIT OF THE F-16 TEAM LED BY FRED WOOD REVEALED THAT THE DANISH TRADE UNION MOVEMENT IS MORE SERIOUSLY COMMITTED TO THE SWEDISH VIGGEN THAN PREVIOUSLY THOUGHT. REPEATED ATTEMPTS TO ARRANGE A MEETING BETWEEN GENERAL DYNAMICS OR PRATT & WHITNEY REPRESENTATIVES AND THOMAS NIELSEN, PRESIDENT OF THE DANISH TRADE UNION FEDERATION (LO), HAVE BEEN UNAVAILING. LAST WEEK HIS INTERNATIONAL AFFAIRS SECRETARY TOLD US THAT NIELSEN WAS SOLD ON THE VIGGEN AND DID NOT WISH TO BE BOTHERED WITH FURTHER REPRESENTATIONS.

2. WE HAVE ALSO BEEN WORKING ON THE PRESIDENT OF THE DANISH METAL WORKERS UNION, PAULUS ANDERSEN, AND CHARLES HANSEN, THE UNION REPRESENTATIVE ON THE NATIONAL ADVISORY COMMITTEE WHICH CONSIDERS ALL MAJOR MILITARY PROCUREMENT PROPOSALS. (NOTE: THAT COMMITTEE MET FEB. 25 TO DISCUSS THE F-104 REPLACEMENT BUT NO REPORT OF THE OUTCOME IS YET AVAILABLE).

3. OTHER CONTACTS IN THE DANISH METAL WORKERS UNION HAVE TOLD US THAT THE CONCERTED EFFORTS OF SWEDISH TRADE UNION AND INDUSTRIAL INTERESTS HAVE BEEN EXTREMELY EFFECTIVE IN CONVINCING DANISH TRADE UNION LEADERS TO FAVOR THE VIGGEN. NIELSEN'S PUBLICLY STATED PREFERENCE FOR THE VIGGEN (REF A) WAS BASED ON THE OFFSET AND EMPLOYMENT ASPECTS OF THE SWEDISH OFFER. THE SWEDES HAVE REPORTEDLY OFFERED TO

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PLACE ORDERS TOTALLING 20 BILLION SWEDISH KRONER (\$5 BILLION) TO OFFSET THE TWELVE BILLION KRONER (\$3 BILLION) COST OF THE 348 CONSORTIUM PLANES. MOREOVER, DANISH FIRMS HAVE HAD PREVIOUS EXPERIENCE IN THIS FIELD; SOME ARE STILL PRODUCING PARTS FOR THE SWEDISH AERONAUTIC INDUSTRY AS A RESULT OF AN OFFSET DEAL MADE IN CONNECTION WITH THE DRAKEN PURCHASE SEVERAL YEARS AGO.

4. THE SWEDISH OFFER THIS TIME IS ESPECIALLY EFFECTIVE BECAUSE OF THE HIGH (8 PERCENT) UNEMPLOYMENT RATE IN DENMARK. THE SWEDES, ACCORDING TO A SOURCE IN THE METAL WORKERS UNION, HAVE TENTATIVELY LINKED THE VIGGEN SALE WITH TWO CURRENT ISSUES OF HIGH PUBLIC VISIBILITY. THEY HAVE INTIMATED THAT SAAB MIGHT PURCHASE THE RECENTLY-CLOSED GENERAL MOTORS ASSEMBLY PLANT IN COPENHAGEN AND INSTALL A SAAB AUTO ASSEMBLY OPERATION THERE. SECONDLY, THEY HAVE REPORTEDLY OFFERED TO USE DANISH LABOR ON A MAJOR BRIDGE AND TUNNEL PROJECT LINKING SWEDEN AND DENMARK IF THE DANISH PARLIAMENT APPROVES THE PROJECT, EVEN THOUGH THE BRIDGE PORTION OF THE PROJECT WOULD BE ENTIRELY SWEDISH FINANCED.

6. WE HAVE BEEN INFORMED BY OFFICIALS FROM THE COMMERCE MINISTRY WORKING ON THE FIGHTER PURCHASE THAT THE SWEDISH OFFSET OFFER IS IN SOME RESPECTS A MISLEADING ONE. EVEN THE SOCIAL DEMOCRATIC PRESS PICKED UP THE FACT THAT THE NON-SPECIFIC SWEDISH OFFSET OFFER COULD COVER A LARGE AMOUNT OF MATERIAL THAT SWEDEN WOULD IMPORT IN ANY CASE.

7. WE ALSO RECENTLY SPOKE WITH CHRISTIAN ROVSING WHO HEADS A DANISH ELECTRONIC COMPANY INTERESTED IN THE F-16'S THREAT WARNING AND FIRE CONTROL SYSTEMS. HE IS A STRONG SUPPORTER OF THE AMERICAN AIRCRAFT AND WAS ALSO SERIOUSLY CONCERNED OVER THE THREAT TO IT REPRESENTED BY THE VIGGEN OFFSET OFFER. ROVSING SAID HE WAS ACQUAINTED IN DETAIL WITH THIS OFFER AND WAS SURE THAT IT COULD NOT BE MATCHED BY THE AMERICANS IN TERMS OF TOTAL OFFSET AND JOBS CREATED. SUPPORTERS OF THE F-16 MUST COUNTER THE SWEDISH OFFSET, HE THOUGHT, BY CONCENTRATING ON THE LONG-TERM VALUE TO DENMARK OF THE TRANSFER OF AMERICAN ADVANCED TECHNOLOGY AND AN ATTEMPT MUST BE MADE TO MOVE NIELSEN AWAY
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FROM HIS ENDORSEMENT OF THE VIGGEN.

8. WE SUGGESTED TO ROVSING THAT DANISH INDUSTRIALISTS SHOULD EXPLAIN TO THEIR OWN WORKERS THE ADVANTAGES OF THE AMERICAN OFFER. WE AGREED THAT EMPHASIS SHOULD BE PLACED ON THE ECONOMIC SIDE BUT ADDED THAT THE FACT THAT THE F-16 IS CLEARLY THE BEST AND CHEAPEST AIRCRAFT FOR DENMARK AND NATO SHOULD ALSO BE STRESSED.

9. ONE EMOTIONAL FACTOR MAY BE PLAYING A SIGNIFICANT ROLE IN THE CURRENT SITUATION. UNION LEADERS ANDERSEN AND HANSEN WERE VERY IRRITATED WHEN FIVE MEMBERS OF THEIR METAL WORKERS UNION WERE UNABLE TO VISIT THE US BECAUSE ONE MEMBER OF THE NORDIC DELEGATION WAS A MEMBER OF THE COMMUNIST PARTY (THE EERO NYSTOM CASE -- REF B). THE

NEGATIVE IMPACT OF THE AFL-CIO'S POSITION IN CONNECTION WITH THAT ABORTED VISIT MAY WELL BE INFLUENCING THEIR POSITION ON THE FIGHTER REPLACEMENT -- TO OUR DISADVANTAGE.

10. COMMENT: THE DANISH DECISION ON THE FIGHTER REPLACEMENT QUESTION WILL BE MADE PRIMARILY ON POLITICAL GROUNDS, INFLUENCED HEAVILY BY ADVICE FROM THE MILITARY AND BY BUSINESS INTERESTS SEEKING ADVANCED TECHNOLOGY CONTRACTS. DANISH LABOR'S CONCERN FOR MORE EMPLOYMENT OPPORTUNITIES WOULD NORMALLY BE OF CONSIDERABLY LESS IMPORTANCE THAN OTHER CONSIDERATIONS. THE TRADE UNION MOVEMENT'S CLOSE ASSOCIATION WITH THE NEW SOCIAL DEMOCRATIC GOVERNMENT, HOWEVER, AND THAT FACT THAT BOTH ARE GIVING HIGHEST PRIORITY TO EFFORTS AIMED AT REDUCING THE PRESENT HIGH UNEMPLOYMENT HAVE ENHANCED THE LEVERAGE OF THE LABOR MOVEMENT. ALTHOUGH THE CHANCES OF THE VIGGEN BEING SELECTED BY THE CONSORTIUM AS A WHOLE WOULD APPEAR TO BE REMOTE, IT COULD WELL BE THAT THE CONTINUING SWEDISH EFFORT HERE IS A SPOILING TACTIC INTENDED TO PREVENT A UNANIMOUS, EARLY DECISION (BEFORE MAY) TO BUY THE F-16. THE INFLUENCE OF THE DANISH TRADE UNION LEADERSHIP MIGHT BE SUFFICIENT TO BLOCK AN EARLY GOVERNMENT DECISION IN FAVOR OF THE F-16 ALTHOUGH FOREIGN MINISTER K. B. ANDERSEN ASSURED THE AMBASSADOR THAT THE AIRCRAFT DECISION WOULD NOT TURN ON THE QUESTION OF EMPLOYMENT(REF C). WE WOULD LIKE TO REITERATE OUR
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PREVIOUS SUGGESTION THAT GENERAL DYNAMIC AND PRATT & WHITNEY SEEK EVERY OPPORTUNITY TO PRESENT THEIR OFFSET PLAN TO DANISH LABOR LEADERS, IN TERMS OF MAN-YEARS OF EMPLOYMENT.
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